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TO RUEHC/SECSTATE WASHDC PRIORITY 7932
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RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUYNAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY
RHHMUNA/HQ USPACOM HONOLULU HI PRIORITY
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INFO RUEHFK/AMCONSUL FUKUOKA 0365
RUEHNH/AMCONSUL NAHA 2718
RUEHNAG/AMCONSUL NAGOYA 8432
RUEHKSO/AMCONSUL SAPPORO 0938
RUEHOK/AMCONSUL OSAKA KOBE 4111
RUEHBJ/AMEMBASSY BEIJING 5822
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RUEHUL/AMEMBASSY SEOUL 1822
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SIPDIS

STATE FOR I/RF, PA/PR/FPC/W, IIP/G/EA, EAP/PD, R/MR,
EAP/J, EAP/P, PM;
USTR FOR PUBLIC AFFAIRS OFFICE;
TREASURY FOR OASIA/IMI;
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SUBJECT: TOKYO MEDIA REACTION - NORTH KOREA AND GLOBAL
FINANCIAL CRISIS

11. LEAD STORIES: There were no papers on Tuesday morning because of a press holiday. Top stories on TV networks included the sharp rebound in share prices in U.S., European, and Asian markets on Monday following the announcement of the coordinated action plan by G7 policymakers to cope with the financial turbulence.

12. "Do Not Thwart Moves Toward Denuclearization" The liberal Asahi editorialized (10/13): "Admittedly, in delisting North Korea as a state sponsor of terrorism, the U.S. should have obtained a commitment to a more stringent and broader verification regime. Nevertheless, with this accord, the U.S. will be able to get a full accounting of the plutonium that has been extracted by North Korea. Given that the drive toward denuclearization could have completely ground to a halt if nothing were done, the U.S. decision was meaningful."

13. "Is Denuclearization Possible with This Accord?" The liberal Mainichi stated in an editorial (10/13): "From the viewpoint of the Japanese public, which feels greatly threatened by North Korea, there are too many 'loopholes' in the U.S.-DPRK accord, which was cited as the reason for delisting North Korea.... If North Korea is not cooperative on verification, the U.S. should immediately put it back on the list. The U.S. must endeavor to close the loopholes."

14. "Many Questions Left in Nuclear Verification" The moderate Yomiuri argued in an editorial (10/12): "Given the repeated concessions made by the U.S. in negotiating with the DPRK, as well as North Korea's actions in the past, one must have doubts as to whether

substantive nuclear verification is possible."

15. "Delisting Cannot Be Accepted" The business-oriented Nikkei editorialized (10/13): "North Korea surely knows that nuclear blackmail still works. It is hardly conceivable that North Korea would surrender its nuclear weapons under such circumstances. It is certain that the DPRK, even if the six-party talks are restarted, will resort to nuclear brinkmanship if things develop in a way that is unfavorable to it."

16. "Kim's Rumored Illness and Delisting" The liberal Tokyo Shimbun stated in an editorial (10/13): "For Kim Jong Il, delisting is a 'historic triumph,' as he was successful in forcing the U.S. to forgo its hostile approach to his country. At the same time, the shrewdness demonstrated by North Korea in its negotiations with the U.S. seem to disprove rumors that Kim is seriously ill."

17. "U.S. Ability to Implement Action Plan to Be Tested" The liberal Asahi editorialized (10/12): "The purpose of the G7 financial ministerial was to force the U.S. to use public money in order to recapitalize financial institutions.... The focus is now on whether the USG can inject public funds swiftly.... It is imperative for the USG to explain the measures and seek understanding from the American people. There has been harsh criticism in the U.S. of financial institutions that earned exorbitant profits. The USG must be fully

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aware that persuading the public holds the key to getting out of crisis."

18. "Nightmare Must Not Be Repeated" The liberal Mainichi asserted in an editorial (10/12): "The G7 must demonstrate with specific actions that it is 'dead serious' (about containing the financial crisis). Treasury Secretary Paulson expressed the view that public money will be injected into a variety of financial institutions. We would like to see tangible results quickly.... Any discord that would trample on the G7 agreement is unacceptable."

SCHIEFFER